

INFORMAL SOLICITATION

Minnesota Housing Finance Agency

Description of Project

As part of its underwriting activities for affordable housing developments, Minnesota Housing's Multifamily Division requires appraisals to assess "as-is value" and "as completed value" to ensure loans are structured within its underwriting parameters. The appraisers (also referred to herein as "Contractors") who are engaged to conduct this work for the Minnesota Housing ("the Agency") are selected from an "approved list" of appraisers who have demonstrated their expertise in appraising affordable housing properties and have been selected by the Agency to be on their "approved list".

- Selected appraisers may remain on the list for a two-year period with an option of one additional two-year period, followed by an option of one additional one-year period (total of 5 years).

NOTE: Individual appraisers will be on the "approved list", not appraisal companies.

- "Approved appraisers" will remain on the Agency's list for the time periods referenced above unless they are disqualified for unsatisfactory work. In the event of disqualification, an appraiser may request reinstatement after 5 years (or later if the Agency is not soliciting appraisers for its "approved list").
- The Agency will initially place appraisers on the "approved list" and when an appraisal is required, three to six (randomly selected) appraisers from the "approved list" will be asked to submit bids based on price and date of delivery.
- Beginning date of March 1, 2012.

Sample Tasks

When the Agency contracts with an appraiser:

1. The appraiser signs and returns the contract to the Agency, along with required certificates of insurance (unless current evidence of insurance is already on file with the Agency).
2. Appraiser conducts the valuation of the subject property within the time frame agreed to in the contract and submits the appraisal to the Agency for review. If the contractual delivery date is not met, the Agency reserves the right to deduct a 15% (fifteen percent) penalty from the agreed to contract amount. Repeated violations of delivery dates may result in disqualification from the Agency's "approved appraiser" list.
3. Agency staff or contracted review appraisers will review the appraisal and may request additional information or corrections. Once any concerns are addressed with the originating appraiser and, if possible, resolved, the Agency will accept the appraisal and the appraiser will be paid for his/her work according to the terms of the contract. Time limits for delivery of requested corrections or additional information will be provided to the appraiser by the Agency at the time the request is made.
4. If an appraisal is rejected, because the appraiser is unwilling or unable to make requested corrections (or supply additional information if requested) the contracted work will be deemed incomplete and no payment will be made. At that time, the appraiser may be disqualified from Minnesota Housing's "approved list" and may not reapply to be on the list for a minimum of five years.

This Informal Solicitation does not obligate the state to award a contract to an appraiser, and the state reserves the right to cancel the solicitation if it is considered to be in its best interest.

Required Qualifications

- A. The appraiser must provide documentation that she or he meets the following:
1. Be a Certified General Appraiser, licensed and in good standing in the State of Minnesota.
 2. Be currently active and regularly engaged in performing appraisals of multifamily, affordable housing.
 3. Have conducted no less than ten affordable multifamily housing appraisals within the past five years or have been engaged for this specialized appraisal work by a National or Regional, federally regulated financial institution within the past 24 months.
 4. Meet all the requirements of the Competency Provision in the Uniform Standards of Professional Appraisal Practice (USPAP). (Additional or updated information on USPAP can be obtained at www.appraisalfoundation.org.)
 5. Not be debarred or suspended from doing business with the Federal Government (www.epls.gov).

Further, the appraiser must:

- Have knowledge of multiple forms of rental assistance (Rural Development, Section 8, both project based and vouchers, etc).
- Be familiar with and able to complete an accurate Estimate of Market Rent by Comparison (HUD 92273) for each unit type and an Operating Expense Analysis (HUD 92274) for each building.
- Have knowledge of special real estate tax treatment of affordable housing properties.
- **Be able to assess the cost to convert an affordable housing property to a market rate property (rent loss projections, image transformation, etc.) and to include this “cost” in determining a hypothetical valuation “as if” the property were converted to a market rate rental property.**

The Appraiser who is on the Agency’s “approved list” must conduct the site visit and sign and take full responsibility for the report. Appraisal assistants may contribute to any other of the tasks if: 1) they are employed by the same firm as the appraiser; and 2) the report identifies the roles the assistant appraiser performed.

Response Content

- Complete and thorough response to evidence of qualifications listed under **Required Qualifications** (above).
- Provide applicable professional licenses.
- References from at least two financial institutions for which the appraiser has been engaged (and permission for the Agency to contact the references).
- Two samples of work product conforming to the requirements listed above.
- Bid price range per appraisal.
- Copies of certificates of insurance for applicable existing policies, particularly Professional/Technical, Errors and Omissions, and/or Miscellaneous Liability Insurance.
- “Location of Service Disclosure and Certification”.
- “Affidavit of Noncollusion”.

Response Evaluation

Responses to this informal solicitation will be evaluated on appraiser’s qualifications, evaluation of sample work product, and references.

All responses received by the due date and time will be evaluated. Notification of those approved for the list (and those not approved for the list) will be sent by March 1, 2012.

Conflicts of Interest

Responder must provide a list of all entities with which it has relationships that create, or appear to create, a conflict of interest with the work that is contemplated in this request for proposals. The list should indicate the name of the entity, the relationship, and a discussion of the conflict.

Disposition of Responses

All materials submitted in response to this Informal Solicitation will become public record after the evaluation process is completed.

Organizational Conflicts of Interest

The responder warrants that to the best of its knowledge and belief, and except as otherwise disclosed, there are no relevant facts or circumstances which could give rise to organizational conflicts of interest. An organizational conflict of interest exists when, because of existing or planned activities or because of relationships with other persons, a vendor is unable or potentially unable to render impartial assistance or advice to the Minnesota Housing Finance Agency, or the vendor's objectivity in performing the contract work is or might be otherwise impaired, or the vendor has an unfair competitive advantage. The responder agrees that, if after award, an organizational conflict of interest is discovered, an immediate and full disclosure in writing must be made to the Director of the Department of Administration's Materials Management Division which must include a description of the action which the appraiser has taken or proposes to take to avoid or mitigate such conflicts. If an organization conflict of interest is determined to exist, the Minnesota Housing Finance Agency may, at its discretion, cancel the engagement. In the event the responder was aware of an organizational conflict of interest prior to the award of the engagement and did not disclose the conflict to Minnesota Housing Finance Agency, the Minnesota Housing Finance Agency may terminate the contract for default.

Foreign Outsourcing of Work Prohibited

All services under the referenced contract shall be performed within the borders of the United States. All storage and processing of information shall be performed within the borders of the United States. This provision also applies to work performed by subcontractors at all tiers.

Insurance Requirements

- A. Appraiser shall not commence work under the contract until they have obtained all the insurance described below and the Minnesota Housing Finance Agency has approved such insurance. Appraiser shall maintain such insurance in force and effect throughout the term of the contract.
- B. Appraiser is required to maintain and furnish satisfactory evidence of the following insurance policies:
 - 1. **Workers' Compensation Insurance: Except as provided below**;** Appraiser must provide Workers' Compensation insurance for all its employees and, in case any work is subcontracted, Appraiser will require the subcontractor to provide Workers' Compensation insurance in accordance with the statutory requirements of the Minnesota Housing Finance Agency, including Coverage B, Employer's Liability. If insured, Contractor must supply a current Certificate of Workers Compensation Insurance with their response materials (see E below).

****If Minnesota Statute 176.041 exempts Contractor from Workers' Compensation insurance or if the Contractor has no employees in the State of Minnesota, Contractor must provide a written statement, signed by an authorized representative, indicating the qualifying exemption that excludes Contractor from the Minnesota Workers' Compensation requirements.**

If during the course of the contract the Contractor becomes eligible for Workers' Compensation, the Contractor must comply with the Workers' Compensation Insurance requirements herein and provide the Minnesota Housing Finance Agency with a certificate of insurance.

- 2. **Professional/Technical, Errors and Omissions, and/or Miscellaneous Liability Insurance:** This policy will provide coverage for all claims the contractor may become legally obligated to pay resulting from any actual or alleged negligent act, error, or omission related to Contractor's professional services required under the contract.

Contractor must provide a current certificate of insurance with the bid (see E below).

3. **Commercial General Liability Insurance:** Contractor is required to maintain insurance protecting it from claims for damages for bodily injury, including sickness or disease, death, and for care and loss of services as well as from claims for property damage, including loss of use which may arise from operations under the Contract whether the operations are by the Contractor or by a subcontractor or by anyone directly or indirectly employed by the Contractor under the contract.

Insurance **minimum** limits are as follows:

\$2,000,000 – per occurrence

\$2,000,000 – annual aggregate

\$2,000,000 – annual aggregate – Products/Completed Operations

The following coverage shall be included:

- Premises and Operations Bodily Injury and Property Damage
- Personal and Advertising Injury
- Blanket Contractual Liability
- Products and Completed Operations Liability
- Other; if applicable, please list _____
- State of Minnesota named as an Additional Insured

C. Additional Insurance Conditions:

1. Contractor's policy(ies) shall be primary insurance to any other valid and collectible insurance available to the Minnesota Housing Finance Agency with respect to any claim arising out of Contractor's performance under this contract.
2. Contractor's policy(ies) and Certificate(s) of Insurance shall contain a provision that coverage afforded under the policy(ies) shall not be cancelled without at least thirty (30) days advanced written notice to the Minnesota Housing Finance Agency.
3. Contractor is responsible for payment of Contract related insurance premiums and deductibles.
4. If Contractor is self-insured, a Certificate of Self-Insurance must be attached.
5. Contractor's policy(ies) shall include legal defense fees in addition to its liability policy limits, with the exception of B.2 above.
6. Contractor shall obtain insurance policy(ies) from insurance company(ies) having an "AM BEST" rating of A- (minus); Financial Size Category (FSC) VII or better, and authorized to do business in the Minnesota Housing Finance Agency.

- D. The Minnesota Housing Finance Agency reserves the right to immediately terminate the engagement if the contractor is not in compliance with the insurance requirements and retains all rights to pursue any legal remedies against the contractor. All insurance policies must be open to inspection by the Minnesota Housing Finance Agency, and copies of policies must be submitted to the Minnesota Housing Finance Agency's authorized representative upon written request.

- E. The successful responder is required to submit Certificates of Insurance acceptable to the Minnesota Housing Finance Agency as evidence of insurance coverage requirements prior to commencing work under the contract.

Questions

Questions concerning this Informal Solicitation should be directed to Mary Ruch at 651-296-9826 or mary.ruch@state.mn.us.

Other personnel are not authorized to answer questions regarding this Informal Solicitation.

Responses

All responses must be in writing and delivered to:

Mary Ruch, Credit Risk Officer
Minnesota Housing Finance Agency
400 Sibley Street, Suite 300
St. Paul, MN 55101-1998

All responses must be received not later than 5:00 p.m., Central Time, January 27, 2012, 3rd Floor, 400 Sibley Street, St. Paul, MN. Late responses will not be considered.